In the Supreme Court of the United States

OCTOBER TERM, 1967

No. 390

RUTH M. MASS, PETITIONER

v.

EDWARD J. BRENNER, COMMISSIONER OF PATENTS

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA CIRCUIT

MEMORANDUM FOR THE RESPONDENT IN OPPOSITION

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1. Petitioner filed an application for a patent with the United States Patent Office in October 1964 (Pet. 3). At the time, 35 U.S.C. 41(a) fixed $30 as the basic fee for issuance of an original patent. While petitioner's application was pending in the Patent Office, Congress increased this and other Patent Office fees. Act of July 24, 1965, Public Law 89-83, 79 Stat. 259, effective October 25, 1965. In November 1965, the Patent Office issued a "Notice of Allowance

and Issue Fee Due," which stated that petitioner's application had been allowed and that the fee payable for the issuance of a patent (computed under the 1965 Act) was $122 (Pet. 4). After petitioner's tender of $30 was refused by the Patent Office, she brought this action to compel the Commissioner of Patents to accept a fee of $30, contending (1) that the 1965 Act should be construed to exempt patent applications filed prior to its effective date and (2) that by filing a patent application and paying the filing fee petitioner entered into an "implied contract" with the government that if the application was allowed the fee would be $30 (Pet. 4-6). The district court granted the Commissioner's motion for summary judgment and dismissed the complaint. The court of appeals affirmed without opinion (Pet. 7).

2. Section 1 of the 1965 Act (Public Law 89-83) amended Item 2 of 35 U.S.C. 41(a) to (among other things) increase the basic fee for the issuance of an original patent from $30 to $100. Section 7(a) of the Act provided that "[t]his Act shall take effect three months after its enactment"—October 25, 1965. Section 7 provided a number of specific exemptions with respect to the effective date of the statute. In particular, Section 7(c) provided that "Item 2 of section 41(a), as amended by section 1 of this Act [*i.e.*, the increased patent-issue fee] * * * [does] not apply in cases in which the notice of allowance of the application was sent * * * prior to the effective date; and, in such cases, the fee due is the fee specified in this title prior to the effective date of this Act." Since petitioner's notice of allowance was sent in No-

vember 1965, subsequent to the effective date of the statute, the Patent Office was plainly correct in concluding that—under the precise and unambiguous language of the statute—petitioner was required to pay the higher fee specified by the 1965 amendment.[1]

Petitioner's contention that an exemption should be read into Public Law 89-83 for applications pending prior to the effective date of the statute is also contrary to the legislative purpose of the enactment. Because of increased operating costs since the last revision of Patent Office fees in 1932, the ratio of Patent Office fee income to operating costs had declined from 90 percent in 1932 to an estimated 28.3 percent in 1965. S. Rep. No. 301, 89th Cong., 1st Sess., p. 2 (1965). By the enactment of Public Law 89-83, Congress sought to recover through fees approximately 75 percent of the Patent Office operating costs, and thus "to restore a rational relationship between Patent Office fees and the cost of administering the American Patent Office." H. Rep. No. 113,

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[1] Shortly after the enactment of Public Law 89-83, several bills were introduced in Congress providing that the 1965 fee increases "shall not be effective in any case wherein the application was filed prior to the effective date of that Act." H.R. 11453, 11458, 11477, 11598, 11692, 89th Cong., 1st Sess. (1965); H.R. 12216, 12230, 13152, 89th Cong., 2d Sess. (1966). None of the bills was reported out of the Committee on the Judiciary. See, also, S. Rep. No. 301, 89th Cong., 1st Sess., p. 6 (1965), and H. Rep. No. 113, 89th Cong., 1st Sess., p. 11 (1965), where the Senate and House Committees on the Judiciary stated that the patent-issue fee increase of Public Law 89-83 applies "to cases in which the notice of allowance was sent after the effective date of the act."

89th Cong., 1st Sess., p. 1 (1965). Acceptance of petitioner's contention would delay for two years the full implementation of one of the major 1965 fee increases and thus significantly thwart the legislative purpose (see Pet. 8-10).

3. There is no merit to petitioner's additional contention that, by filing a patent application and paying the filing fee, petitioner entered into an "implied contract" with the government that if the application was allowed the patent-issue fee would be $30. When petitioner filed her application and paid the filing fee, 35 U.S.C. 131 entitled her to an examination and, if the statutory requirements were fulfilled, to the issuance of a patent; and 35 U.S.C. 151 provided that, if petitioner received a notice of allowance, she would be entitled to the issuance of a patent upon payment of "the final fee." No provision of the Patent Act implied that the issue fee could not be altered by Congress.[2]

The existence of such an "implied contract" is conclusively negatived by the history of Patent Office fee legislation. From 1955 through 1965 Congress held public hearings on a number of bills designed to increase patent-issue and other Patent Office fees. See

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[2] See, also, *McClurg* v. *Kingsland*, 1 How. 202, 206:

> * * * The powers of Congress to legislate upon the subject of patents is plenary by the terms of the Constitution, and as there are no restraints on its exercise, there can be no limitation of their right to modify them at their pleasure, so that they do not take away the rights of property in existing patents.

H. Rep. No. 113, 89th Cong., 1st Sess., pp. 2-4 (1965). None of the bills exempted patent applications pending at the time of the effective date of the legislation. Nor was such an exemption provided in the 1932 Act (47 Stat. 410, Section 308) or in previous statutes increasing patent-issue and other Patent Office fees. *E.g.*, Act of February 14, 1927, 44 Stat. 1098, Sections 2 and 3; Act of April 11, 1930, 46 Stat. 155, Sections 3 and 7. In the light of this history, it is obvious that Congress did not intend to create the "implied contract" alleged by petitioner and that petitioner was on notice when she filed her application that the patent-issue fee might be raised. Moreover, as noted above (*supra*, pp. 3-4), it is clear that in the light of actual present costs the increased patent-issue fee in the 1965 Act is a fair charge for the services rendered to petitioner.[3]

4. Since petitioner's contentions concern only those applications filed with the Patent Office before October 25, 1965, the issues raised by the petition are necessarily of very limited significance. Further review is not warranted.

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[3] Petitioner's argument has additional infirmities. An "implied contract" theory creates liability in the United States only if (1) the action is against the United States, rather than, as here, against the respondent Commissioner, and (2) the implied contract is "one implied in fact and not one based merely on equitable considerations and implied in law." *United States* v. *Minnesota Investment Co.*, 271 U.S. 212, 217; *United States* v. *Algoma Lumber Co.*, 305 U.S. 415, 418-419, 423-424. Neither condition is met here.

For the foregoing reasons, the petition for a writ of certiorari should be denied.

Respectfully submitted.

THURGOOD MARSHALL,
Solicitor General.

AUGUST 1967.

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